

FEDERAL RESERVE SYSTEM

BB&T Corporation
Winston-Salem, North Carolina

Order Approving the Merger of Bank Holding Companies

BB&T Corporation (“BB&T”), a financial holding company within the meaning of the Bank Holding Company Act (“BHC Act”), has requested the Board’s approval under section 3 of the BHC Act¹ to merge with First Citizens Bancorp (“First Citizens”), Cleveland, and acquire its subsidiary banks: The Bank/First Citizens Bank, Cleveland (“First Citizens Bank”); The Home Bank of Tennessee, Maryville (“Home Bank-Maryville”); and The Home Bank, Ducktown (“Home Bank-Ducktown”), all of Tennessee.

Notice of the proposal, affording interested persons an opportunity to submit comments, has been published in the Federal Register (71 Federal Register 20,401 (2006)). The time for filing comments has expired, and the Board has considered the application and all comments received in light of the factors set forth in section 3 of the BHC Act.

BB&T, with total consolidated assets of approximately \$110 billion, is the 17th largest depository organization in the United States.² BB&T operates subsidiary insured depository institutions in Alabama, Florida, Georgia, Indiana, Kentucky, Maryland, North Carolina, South Carolina, Tennessee, Virginia, West Virginia, and the District of Columbia. In Tennessee, BB&T is the

¹ 12 U.S.C. § 1842.

² Asset and nationwide ranking data are as of March 31, 2006. Statewide deposit and ranking data are as of June 30, 2005, and reflect merger activity through May 11, 2006. In this context, insured depository institutions include commercial banks, savings banks, and savings associations.

eighth largest depository organization, controlling deposits of approximately \$1.3 billion. BB&T is the third largest depository organization in North Carolina, controlling deposits of approximately \$23.7 billion, and the fifth largest depository organization in Georgia, controlling deposits of approximately \$6.3 billion.

First Citizens, with total consolidated assets of approximately \$719.8 million, operates subsidiary insured depository institutions in Tennessee, North Carolina, and Georgia. In Tennessee, First Citizens is the 22nd largest depository organization, controlling deposits of approximately \$518.1 million. First Citizens is the 95th largest depository organization in North Carolina, controlling deposits of approximately \$25.1 million, and the 70th largest depository organization in Georgia, controlling deposits of approximately \$240.1 million.

On consummation of this proposal, and after accounting for the proposed divestiture, BB&T would remain the 17th largest insured depository organization in the United States, with total consolidated assets of approximately \$110.7 billion. In Tennessee, BB&T would become the seventh largest depository organization, controlling deposits of approximately \$1.8 billion, which represent approximately 1.9 percent of the total amount of deposits of insured depository institutions in the state (“state deposits”). BB&T would remain the third largest depository organization in North Carolina, controlling deposits of approximately \$23.7 billion, which represent approximately 12.9 percent of state deposits. In Georgia, BB&T would remain the fifth largest depository organization, controlling deposits of approximately \$6.6 billion, which represent approximately 4.5 percent of state deposits.

Interstate Analysis

Section 3(d) of the BHC Act allows the Board to approve an application by a bank holding company to acquire control of a bank located

in a state other than the home state of such bank holding company if certain conditions are met. For purposes of the BHC Act, the home state of BB&T is North Carolina,³ and First Citizens is located in Tennessee, North Carolina, and Georgia.⁴

Based on a review of all the facts of record, including a review of relevant state statutes, the Board finds that the conditions for an interstate acquisition enumerated in section 3(d) of the BHC Act are met in this case.⁵ In light of all the facts of record, the Board is permitted to approve the proposal under section 3(d) of the BHC Act.

Competitive Considerations

Section 3 of the BHC Act prohibits the Board from approving a proposal that would result in a monopoly or would be in furtherance of an attempt to monopolize the business of banking in any relevant banking market. The BHC Act also prohibits the Board from approving a bank acquisition that

³ A bank holding company's home state is the state in which the total deposits of all subsidiary banks of the company were the largest on July 1, 1966, or the date on which the company became a bank holding company, whichever is later. 12 U.S.C. § 1841(o)(4)(C).

⁴ For purposes of section 3(d), the Board considers a bank to be located in the states in which the bank is chartered or headquartered or operates a branch. 12 U.S.C. §§ 1841(o)(4)-(7) and 1842(d)(1)(A) and (d)(2)(B).

⁵ 12 U.S.C. §§ 1842(d)(1)(A)-(B) and 1842(d)(2)(A)-(B). BB&T is adequately capitalized and adequately managed, as defined by applicable law. First Citizens Bank, Home Bank-Maryville, and Home Bank-Ducktown have been in existence and operated for the minimum period of time required by applicable state laws (three years). On consummation of the proposal, BB&T would control less than 10 percent of the total amount of deposits of insured depository institutions in the United States and less than 30 percent of the total amount of deposits of insured depository institutions in Tennessee, North Carolina, and Georgia, respectively. All other requirements of section 3(d) of the BHC Act would be met on consummation of the proposal.

would substantially lessen competition in any relevant banking market, unless the anticompetitive effects of the proposal are clearly outweighed in the public interest by the probable effect of the proposal in meeting the convenience and needs of the community to be served.⁶

BB&T and First Citizens compete directly in six banking markets in Tennessee, North Carolina, and Georgia.⁷ The Board has reviewed carefully the competitive effects of the proposal in each of these banking markets in light of all the facts of record. In particular, the Board has considered the number of competitors that would remain in the markets, the relative shares of total deposits in depository institutions in the markets (“market deposits”) controlled by BB&T and First Citizens,⁸ the concentration level of market deposits and the increase in this level as measured by the Herfindahl-Hirschman Index (“HHI”) under the Department of Justice Merger Guidelines (“DOJ Guidelines”),⁹ other

⁶ 12 U.S.C. § 1842(c)(1).

⁷ These banking markets are described in Appendix A.

⁸ Deposit and market share data are as of June 30, 2005, and are based on calculations in which the deposits of thrift institutions are included at 50 percent. The Board previously has indicated that thrift institutions have become, or have the potential to become, significant competitors of commercial banks. See, e.g., Midwest Financial Group, 75 Federal Reserve Bulletin 386, 387 (1989); National City Corporation, 70 Federal Reserve Bulletin 743, 744 (1984). Thus, the Board regularly has included thrift deposits in the market share calculation on a 50 percent weighted basis. See, e.g., First Hawaiian, Inc., 77 Federal Reserve Bulletin 52, 55 (1991).

⁹ Under the DOJ Guidelines, a market is considered unconcentrated if the post-merger HHI is under 1000, moderately concentrated if the post-merger HHI is between 1000 and 1800, and highly concentrated if the post-merger HHI exceeds 1800. The Department of Justice (“DOJ”) has informed the Board that a bank merger or acquisition generally will not be challenged (in the absence of other factors indicating anticompetitive effects) unless the post-merger HHI is at least 1800 and the merger increases the HHI by more

characteristics of the markets, and commitments made by BB&T to divest a branch.

A. Banking Market With Divestiture

In the Blue Ridge Area, Georgia-Tennessee banking market (“Blue Ridge Market”), BB&T is the second largest depository organization, controlling deposits of \$103.7 million, which represent 22.1 percent of market deposits. First Citizens is the third largest depository organization in the market, with four branches that control deposits of \$63.7 million, which represent 13.6 percent of market deposits. To reduce the potential adverse effects on competition in the Blue Ridge Market, BB&T has committed to divest one branch with at least \$29 million in deposits to an out-of-market banking organization.¹⁰ On consummation of the proposed merger and after accounting for the proposed divestiture, BB&T would remain the second largest depository institution in the market, controlling deposits of approximately \$138.3 million, representing 29.5 percent of market deposits. The HHI would increase by 235 points to 3297.

than 200 points. The DOJ has stated that the higher-than-normal HHI thresholds for screening bank mergers and acquisitions for anticompetitive effects implicitly recognize the competitive effects of limited-purpose and other nondepository financial entities.

¹⁰ BB&T has committed that it will execute, before consummation of the proposed merger, a sales agreement with an out-of-market banking organization. BB&T also has committed to complete the divestiture within 180 days after consummation of the proposed merger. In addition, BB&T has committed that, if it is unsuccessful in completing the proposed divestiture within such time period, it will transfer the unsold branch to an independent trustee who will be instructed to sell the branch to an alternate purchaser or purchasers in accordance with the terms of this order and without regard to price. Both the trustee and any alternate purchaser must be deemed acceptable by the Board. See BankAmerica Corporation, 78 Federal Reserve Bulletin 338 (1992); United New Mexico Financial Corporation, 77 Federal Reserve Bulletin 484 (1991).

In reviewing the competitive effects of the proposal in the Blue Ridge Market, the Board also has considered carefully whether other factors mitigate the competitive effects of the proposal. The number and strength of factors necessary to mitigate the competitive effects of a proposal depend on the size of the increase in, and resulting level of, concentration in the market.¹¹

Several factors indicate that the proposal is not likely to have a significantly adverse competitive effect in the Blue Ridge Market. After consummation of the proposal and the proposed divestiture to an out-of-market competitor seven insured depository institutions would continue to operate in the market.¹² In addition, the Blue Ridge Market has been attractive for entry, as indicated by the de novo entry of three commercial banking organizations in the past four years, and appears likely to remain attractive for entry. For example, Fannin County, Georgia, has more than twice the amount of deposits compared to the median nonmetropolitan county in the state.¹³ The rate of population growth of Fannin County, moreover, is twice the rate for similar nonmetropolitan counties in Georgia.

B. Banking Markets Without Divestitures

Consummation of the proposal without divestitures would be consistent with Board precedent and within the thresholds in the DOJ Guidelines in the other five banking markets where BB&T and First Citizens' subsidiary banks compete directly.¹⁴ After consummation, four of the banking markets

¹¹ See NationsBank Corporation, 84 Federal Reserve Bulletin 129 (1998).

¹² The market also has one credit union that operates two street-level branches, and its membership is open to all residents in the market.

¹³ Fannin County comprises 95.5 percent of the Blue Ridge Market by population.

¹⁴ The effects of the proposal on the concentration of banking resources in these markets are described in Appendix B.

would remain moderately concentrated¹⁵ and one banking market would remain highly concentrated,¹⁶ as measured by the HHI. In each of the five banking markets, the increase in market concentration would be small and numerous competitors would remain.

C. Views of Other Agencies/Conclusion on Competitive Considerations

The DOJ also has conducted a detailed review of the potential competitive effects of the proposal and has advised the Board that, in light of the proposed divestiture, consummation of the proposal would not likely have a significantly adverse effect on competition in any relevant banking market. In addition, the appropriate banking agencies have been afforded an opportunity to comment and have not objected to the proposal.

Based on all the facts of record, the Board concludes that consummation of the proposal would not have a significantly adverse effect on competition or on the concentration of resources in the six banking markets where BB&T and First Citizens compete directly or in any other relevant banking market. Accordingly, the Board has determined that competitive considerations are consistent with approval.

Financial, Managerial, and Supervisory Considerations

Section 3 of the BHC Act requires the Board to consider the financial and managerial resources and future prospects of the companies and depository institutions involved in the proposal and certain other supervisory factors. The Board has considered these factors in light of all the facts of record, including confidential reports of examination and other supervisory information received

¹⁵ The moderately concentrated markets are the Athens, Cleveland, Knoxville, and Sevierville banking markets, all in Tennessee.

¹⁶ The Cherokee and Clay Counties banking market in North Carolina would remain highly concentrated.

from the federal and state supervisors of the organizations involved, publicly reported and other financial information, information provided by BB&T, and public comments received on the proposal.¹⁷

In evaluating financial factors in expansion proposals by banking organizations, the Board reviews the financial condition of the organizations involved on both a parent-only and consolidated basis, as well as the financial condition of the subsidiary banks and significant nonbanking operations. The Board considers a variety of factors in this evaluation, including capital adequacy, asset quality, and earnings performance. In assessing financial factors, the Board consistently has considered capital adequacy to be especially important. The Board also evaluates the financial condition of the combined organization at consummation, including its capital position, asset quality, and earnings prospects, and the impact of the proposed funding of the transaction.

The Board has considered carefully the proposal under the financial factors. BB&T, all its subsidiary banks, and all the subsidiary banks of First Citizens are well capitalized and would remain so on consummation of the proposal. Based on its review of these factors, the Board finds that BB&T

¹⁷ A commenter reiterated the concern it expressed in BB&T's proposal to acquire Main Street Banks, Inc. ("Main Street Proposal") about BB&T's relationships with unaffiliated pawn shops and other nontraditional providers of financial services, without presenting any new material facts or alleging any violations of law. In approving the Main Street Proposal, the Board considered the commenter's concern and recently reviewed BB&T's relationships with nontraditional providers of financial services. BB&T Corporation, 92 Federal Reserve Bulletin ___, n.15 (2006) (Order dated March 27, 2006) [hereinafter Main Street Order]. As noted in the Main Street Order, the activities of the consumer finance businesses identified by the commenter are permissible, and the businesses are licensed by the states where they operate.

has sufficient financial resources to effect the proposal. The proposed transaction is structured as a partial share exchange and partial cash purchase.

The Board also has considered the managerial resources of the organizations involved and the proposed combined organization. The Board has reviewed the examination records of BB&T, First Citizens, and their subsidiary banks, including assessments of their management, risk-management systems, and operations. In addition, the Board has considered its supervisory experiences and those of the other relevant banking supervisory agencies with the organizations and their records of compliance with applicable banking law, including anti-money laundering laws. BB&T, First Citizens, and their subsidiary depository institutions are considered to be well managed. The Board also has considered BB&T's plans for implementing the proposal, including the proposed management after consummation.

Based on all the facts of record, the Board has concluded that considerations relating to the financial and managerial resources and future prospects of the organizations involved in the proposal are consistent with approval, as are the other supervisory factors under the BHC Act.

Convenience and Needs Considerations

In acting on a proposal under section 3 of the BHC Act, the Board also must consider the effects of the proposal on the convenience and needs of the communities to be served and take into account the records of the relevant insured depository institutions under the Community Reinvestment Act ("CRA").¹⁸ The CRA requires the federal financial supervisory agencies to encourage insured depository institutions to help meet the credit needs of the local communities in which they operate, consistent with their safe and sound operation, and requires

¹⁸ 12 U.S.C. § 2901 et seq.; 12 U.S.C. § 1842(c)(2).

the appropriate federal financial supervisory agency to take into account a relevant depository institution's record of meeting the credit needs of its entire community, including low- and moderate-income ("LMI") neighborhoods, in evaluating bank expansionary proposals.¹⁹

The Board has considered carefully all the facts of record, including evaluations of the CRA performance records of BB&T's and First Citizens' subsidiary banks, data reported by BB&T under the Home Mortgage Disclosure Act ("HMDA"),²⁰ other information provided by BB&T, confidential supervisory information, and public comment received on the proposal. A commenter opposed the proposal and alleged, based on 2005 HMDA data reported by BB&T for its assessment areas in North Carolina, that BB&T engaged in discriminatory treatment of minority individuals in its home mortgage lending.²¹

A. CRA Performance Evaluations

As provided in the CRA, the Board has evaluated the convenience and needs factor in light of the evaluations by the appropriate federal supervisors of the CRA performance records of the relevant insured depository institutions. An institution's most recent CRA performance evaluation is a particularly important consideration in the applications process because it represents a

¹⁹ 12 U.S.C. § 2903.

²⁰ 12 U.S.C. § 2801 et seq.

²¹ The commenter, without presenting any new material facts or alleging any violations of law, also reiterated its comments in the Main Street Proposal about (1) referrals of loan applicants by BB&T's subsidiary banks to Lendmark Financial Services, a nonbank subsidiary of BB&T that primarily engages in subprime mortgage lending, and (2) BB&T's acquisition under section 4(k) of the BHC Act of FSB Financial Ltd., a nonbanking company that purchases automobile-loan portfolios. The Board hereby reaffirms and adopts the facts and conclusions detailed in the Main Street Order related to such comments. See Main Street Order at n.23 and n.28 (2006).

detailed, on-site evaluation of the institution's overall record of performance under the CRA by its appropriate federal supervisor.²²

BB&T's largest subsidiary bank, as measured by total deposits, is Branch Banking and Trust Company, also in Winston-Salem, North Carolina.²³ The bank received an "outstanding" rating by the Federal Deposit Insurance Corporation ("FDIC") at its most recent CRA performance evaluation, as of December 20, 2004. BB&T's remaining subsidiary banks all received "satisfactory" ratings at their most recent CRA evaluations.²⁴ In addition, each of First Citizens' subsidiary banks received "satisfactory" ratings at its most recent CRA performance evaluation by the FDIC or the Office of Thrift Supervision.²⁵ BB&T has represented that its CRA and consumer compliance programs would be implemented at the operations acquired from First Citizens after the merger of Branch Banking and Trust Company and First Citizens' subsidiary banks.

B. HMDA and Fair Lending Record

The Board has considered carefully the lending record of BB&T's subsidiary banks and nonbank mortgage lenders in light of public comment about their record of lending to minorities. The commenter asserted, based

²² See Interagency Questions and Answers Regarding Community Reinvestment, 66 Federal Register 36,620 at 36,640 (2001).

²³ As of December 31, 2005, Branch Banking and Trust Company accounted for approximately 67.1 percent of the total domestic deposits of BB&T's four subsidiary banks.

²⁴ Appendix C lists the most recent CRA ratings of BB&T's other subsidiary banks.

²⁵ Home Bank-Ducktown was a savings association until its conversion to a state nonmember bank on December 30, 2004.

on 2005 HMDA data, that BB&T made higher-cost loans²⁶ in North Carolina more frequently to African Americans and Hispanics than to nonminorities.²⁷ The Board notes that these data are preliminary and will not be finalized for analysis until fall 2006.

Although the preliminary 2005 HMDA data for BB&T's subsidiary banks and nonbank mortgage lenders indicate that a greater percentage of higher priced loans were made to African-American or Hispanic borrowers relative to nonminority borrowers, HMDA data provide an insufficient basis by themselves on which to conclude whether BB&T or its subsidiaries are excluding or imposing higher costs on any racial or ethnic group on a prohibited basis.²⁸ HMDA data alone, even with the recent addition of pricing information, provide only limited information about the covered loans.²⁹ HMDA data, therefore, provide an

²⁶ Beginning January 1, 2004, the HMDA data required to be reported by lenders were expanded to include pricing information for loans on which the annual percentage rate (APR) exceeds the yield for U.S. Treasury securities of comparable maturity by 3 or more percentage points for first-lien mortgages and by 5 or more percentage points for second-lien mortgages. 12 CFR 203.4.

²⁷ The comments have been forwarded to the FDIC, the primary regulator for BB&T's subsidiary banks, for its consideration in the context of evaluating the banks for compliance with the fair lending laws and regulations.

²⁸ The Board reviewed 2004 and preliminary 2005 HMDA data reported by BB&T's subsidiaries, including data for North Carolina.

²⁹ The data, for example, do not account for the possibility that an institution's outreach efforts may attract a larger proportion of marginally qualified applicants than other institutions attract and do not provide a basis for an independent assessment of whether an applicant who was denied credit was, in fact, creditworthy. In addition, credit history problems, excessive debt levels relative to income, and high loan amounts relative to the value of the real estate collateral (reasons most frequently cited for a credit denial or higher credit cost) are not available from HMDA data.

inadequate basis, absent other information, for concluding that an institution has engaged in illegal lending discrimination.

Examiners found no substantive violations of applicable fair lending laws during the fair lending reviews they conducted in conjunction with the most recent CRA performance evaluations of BB&T's subsidiary banks.³⁰ In addition, the record indicates that BB&T has taken steps to ensure compliance with fair lending and other consumer protection laws. BB&T employs an internal second-review process for home loan applications that would otherwise be denied and analyzes its HMDA data periodically. Furthermore, BB&T monitors its compliance with fair lending laws by analyzing disparities in its rates of lending for select products and markets and by conducting a more extensive internal comparative file review when merited. Finally, BB&T provides fair lending training to its lending personnel, including training to help ensure that loan originators consistently disseminate credit-assistance information to applicants.

The Board also has considered the HMDA data in light of other information, including the CRA performance records of each of BB&T's subsidiary banks. Based on all the facts of record, the Board concludes that BB&T's established efforts and record demonstrate that BB&T is active in helping to meet the credit needs of its entire communities.

C. Conclusion on CRA Performance Records

The Board has considered carefully all the facts of record, including reports of examination of the CRA records of the institutions involved, information provided by BB&T, comments received on the proposal, and confidential supervisory information. BB&T represented that the proposed transaction would

³⁰ See Main Street Order.

provide First Citizens' customers with expanded products and services. Based on a review of the entire record, and for the reasons discussed above, the Board concludes that considerations relating to the convenience and needs factor and the CRA performance records of the relevant depository institutions are consistent with approval.³¹

Conclusion

Based on the foregoing and all facts of record, the Board has determined that the application should be, and hereby is, approved. In reaching its conclusion, the Board has considered all the facts of record in light of the factors that it is required to consider under the BHC Act. The Board's approval is specifically conditioned on compliance by BB&T with the conditions imposed in this order and the commitments made to the Board in connection with the application, including the divestiture commitment discussed above. For purposes

³¹ A commenter requested that the Board hold a public hearing or meeting on the proposal. Section 3 of the BHC Act does not require the Board to hold a public hearing on an application unless the appropriate supervisory authority for any of the banks to be acquired makes a timely written recommendation of denial of the application. The Board has not received such a recommendation from any supervisory authority. Under its rules, the Board also may, in its discretion, hold a public meeting or hearing on an application to acquire a bank if a meeting or hearing is necessary or appropriate to clarify factual issues related to the application and to provide an opportunity for testimony. 12 CFR 225.16(e). The Board has considered carefully the commenter's request in light of all the facts of record. In the Board's view, the commenter had ample opportunity to submit comments on the proposal and, in fact, submitted written comments that the Board has considered carefully in acting on the proposal. The request fails to identify disputed issues of fact that are material to the Board's decision and would be clarified by a public meeting or hearing. Moreover, the commenter's request fails to demonstrate why its written comments do not present its views adequately or why a meeting or hearing otherwise would be necessary or appropriate. For these reasons, and based on all the facts of record, the Board has determined that a public hearing or meeting is not required or warranted in this case. Accordingly, the request for a public hearing or meeting on the proposal is denied.

of this action, the conditions and commitments are deemed to be conditions imposed in writing by the Board in connection with its findings and decision herein and, as such, may be enforced in proceedings under applicable law.

The proposed transaction may not be consummated before the fifteenth calendar day after the effective date of this order, or later than three months after the effective date of this order, unless such period is extended for good cause by the Board or the Federal Reserve Bank of Richmond, acting pursuant to delegated authority.

By order of the Board of Governors,³² effective June 12, 2006.

(signed)

Robert deV. Frierson
Deputy Secretary of the Board

³² Voting for this action: Chairman Bernanke and Governors Bies, Olson, Kohn, Warsh, and Kroszner.

APPENDIX A

Banking Markets in which BB&T and First Citizens Compete Directly

Athens Area, Tennessee

McMinn, Meigs, and Monroe Counties and the town of Delano in Polk County.

Cleveland Area, Tennessee

Bradley County and the towns of Benton and Ocoee in Polk County.

Knoxville Area, Tennessee

Anderson, Knox, Loudon, Roane, and Union Counties and the portion of Blount County northwest of Chilhowee Mountain; the towns of Chestnut Hill, Dandridge, Dumplin, Friends Station, Hodges, New Market, and Strawberry Plains in Jefferson County; the towns of Harriman and Oliver Springs in Morgan County; the towns of Seymour and Kodak in Sevier County; and the towns of Blaine, Buffalo Springs, Joppa, Lea Springs, and Powder Springs in Grainger County.

Sevierville Area, Tennessee

Sevier County, excluding the towns of Seymour and Kodak, and the portion of Blount County southeast of Chilhowee Mountain.

Cherokee and Clay Counties, North Carolina

Cherokee and Clay Counties.

Blue Ridge Area, Georgia-Tennessee

Fannin County in Georgia and the towns of Ducktown and Copperhill in Polk County, Tennessee.

APPENDIX B

Market Data for Tennessee and North Carolina Banking Markets

Athens Area, Tennessee

BB&T operates the second largest depository institution in the Athens Area banking market, controlling deposits of \$175.1 million, which represent 14.4 percent of market deposits. First Citizens operates the 13th largest depository institution in the market, controlling deposits of approximately \$13.9 million, which represent 1.1 percent of market deposits. After consummation of the proposal, BB&T would remain the second largest depository organization in the market, controlling deposits of approximately \$188.9 million, which represent approximately 15.6 percent of market deposits. The HHI would increase 33 points to 1398. Fourteen insured depository institutions would remain in the banking market.

Cleveland Area, Tennessee

BB&T operates the tenth largest depository institution in the Cleveland Area banking market, controlling deposits of \$8.4 million, which represent less than 1 percent of market deposits. First Citizens operates the largest depository institution in the market, controlling deposits of approximately \$318.8 million, which represent 23.8 percent of market deposits. After consummation of the proposal, BB&T would become the largest depository organization in the market, controlling deposits of approximately \$327.2 million, which represent approximately 24.5 percent of market deposits. The HHI would increase 30 points to 1616. Eleven insured depository institutions would remain in the banking market.

Knoxville Area, Tennessee

BB&T operates the fourth largest depository institution in the Knoxville Area banking market, controlling deposits of \$678.2 million, which represent 7.2 percent of market deposits. First Citizens operates the 18th largest depository institution in the market, controlling deposits of approximately \$83.8 million, which represent less than 1 percent of market deposits. After consummation of the proposal, BB&T would remain the fourth largest depository organization in the market, controlling deposits of approximately

\$761.9 million, which represent approximately 8.1 percent of market deposits. The HHI would increase 13 points to 1274. Thirty-three insured depository institutions would remain in the banking market.

Sevierville Area, Tennessee

BB&T operates the fifth largest depository institution in the Sevierville Area banking market, controlling deposits of \$123.6 million, which represent 8.9 percent of market deposits. First Citizens operates the eighth largest depository institution in the market, controlling deposits of approximately \$13.1 million, which represent less than 1 percent of market deposits. After consummation of the proposal, BB&T would remain the fifth largest depository organization in the market, controlling deposits of approximately \$136.7 million, which represent approximately 9.9 percent of market deposits. The HHI would increase 16 points to 1782. Ten insured depository institutions would remain in the banking market.

Cherokee and Clay Counties, North Carolina

BB&T operates the sixth largest depository institution in the Cherokee and Clay Counties banking market, controlling deposits of \$17.6 million, which represent 3.5 percent of market deposits. First Citizens operates the fifth largest depository institution in the market, controlling deposits of approximately \$25.1 million, which represent 5 percent of market deposits. After consummation of the proposal, BB&T would become the fifth largest depository organization in the market, controlling deposits of approximately \$42.7 million, which represent approximately 8.5 percent of market deposits. The HHI would increase 35 points to 2956. Six insured depository institutions would remain in the banking market.

APPENDIX C

CRA Performance Evaluations of BB&T's Banks

<u>Bank</u>	<u>CRA Rating</u>	<u>Date</u>	<u>Supervisor</u>
1. Branch Banking and Trust Company, Winston-Salem, North Carolina	Outstanding	December 2004	FDIC
2. Branch Banking and Trust Company of South Carolina, Greenville, South Carolina	Satisfactory	December 2004	FDIC
3. Branch Banking and Trust Company of Virginia, Richmond, Virginia	Satisfactory	December 2004	FDIC
4. BB&T Bankcard Corporation, Columbus, Georgia	Satisfactory	May 2005	FDIC
5. Main Street Bank, Covington, Georgia	Satisfactory	December 2004	FDIC